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THIS WEEK'S NEWS

WARNER WON'T SUPPORT DVD ALONE 'INDEFINITELY'

LIEBERFARB

DVD's most passionate Hollywood supporter, Warner Home Video (WHV) Pres. Warren Lieberfarb, warned NARM convention last week in Orlando that his company's commitment to format won't last "indefinitely" if major fence-sitting studios such as Disney, Fox, Paramount and Universal remain on sidelines. DVD is product that "needs industrywide support and a broad assortment of new releases and the best of our catalogs," Lieberfarb told panel. He said WHV "will reevaluate our position periodically" based on DVD sales and inventory levels. "As a consequence," he told questioner in audience, "we will stay with this so long as it is economically viable. But we will not stay at it indefinitely and economically damage our company if our competitors are not in the category." Lieberfarb didn't give deadline by which WHV might withdraw, but scuttlebutt at NARM was that DVD would be dormant by Christmas without multistudio DVD software commitment. Lieberfarb took every opportunity in 90-min. panel discussion to emphasize urgency of industry software support. In introductory comments, he said that "this is a moment in time" for industries and companies "to gather together and get on the same page" with DVD. CE, PC, movie and recording industries "are all crying out for a next-generation multimedia packaged good that can drive sales on an incremental basis," he said. DVD has "significant profit potential" for all industries in near and long term, he said, advising NARM retailers to "spend time, understand this and become proactive in making this happen." Industry promotional effort for DVD should be high NARM "priority" to "get this product off the ground," Lieberfarb said: "This is really a very unique moment in time, where every hardware manufacturer is participating [in DVD] and wants to participate on a global basis." He said "it's time for every software manufacturer" to follow suit. But Lieberfarb got little reassurance from fellow panelist Louis Feola, Universal Home Video (UHV) pres., who broke his recent DVD silence by responding to questioner that it was possible studio wouldn't market DVD products this year. Issues that "prevent" UHV from launching DVD "center on 4 areas," Feola said: (1) Encryption. (2) Regional coding. (3) One-stop DVD patent licensing. (4) Copyright legislation. He told NARM that he

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wasn't "prepared to elaborate," but said: "To varying degrees, there are issues in each one of those 4 areas that need to reach resolution before we are able to support the format." Progress is being made weekly on unresolved points, Feola said, but "we can't put a timeline" on final resolution. "The important thing is to work toward a resolution, and we've devoted incredible resources inside the company, across all divisions" to achieve closure on remaining issues, he said. "But I can't sit here and tell you that it'll be resolved by May 15 or July 15 or August 15." Because DVD is "revolutionary," not evolutionary, format, there's range of "side issues that have to be dealt with" as first step, Feola said: "Although there are still issues to be resolved from our point of view, we feel as though progress has been made by leaps and bounds, and are anxiously working toward final resolution so that we can publicly support the format with our products." Lieberfarb's NARM comments dovetailed with statements week earlier by WHV DVD Mktg. Dir. John Powers that company's decision to market software beyond targeted U.S. launch markets requires "multistudio participation" in DVD introductions (AW March 10 p2). Corridor talk at NARM suggested that Lieberfarb assumed Powers's seat on DVD to emphasize urgency of retail and studio support 2 weeks before first WHV titles officially are scheduled to go on sale to public. Without support of all majors, sources close to WHV said, format could be dead issue before 4th quarter. Meanwhile, LIVE Entertainment announced 12 titles for DVD release May-Aug. Senior Sales Vp Jeffrey Fink said rollout will be nationwide, through traditional distributors and direct-to-retail accounts. Price points will be \$24.99 (about same as those for first WHV titles due March 24). LIVE is releasing only catalog titles at start and consequently won't be dealing with rental pricing, he said. All will be Macrovision-encoded and use packaging conforming to VSDA-recommended specifications. First 3 titles, to be released in May, are The Arrival, Cutthroat Island, Stargate. Others will include Total Recall, Dirty Dancing, Terminator 2, Basic Instinct. Central Park Media will release titles on DVD "when the mastering prices are in a reasonable ballpark" compared with \$20,000-per-title current costs, Managing Dir. John O'Donnell said. He sees DVD as good format for his audience. High percentage of consumers for his Japanese animation fare are same as those who own laserdisc players. Customer base is 94% male, 90% in 18-35 age bracket, he said: "These are the boys who buy the toys." Pioneer Entertainment is cutting prices significantly on its laserdisc software catalog, partly in response to slow laserdisc player sales caused by "DVD hype," Sales & Mktg. Vp Rick Buehler said. While he insisted sales of new laserdisc titles are "stronger than ever," catalog product is suffering from lack of new buyers needing to create libraries. Pioneer will begin by repricing 300 titles April 1 at \$14.98-\$29.98 and will add more monthly. First slate of repriced films includes Forrest Gump, Basic Instinct, Terminator 2, Beverly Hills Cop, The Firm, Ghost, others. "We're doing what the

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videocassette industry has done for years," Buehler said: "You reprice your catalog titles when you need to revitalize them." Pioneer also is "exploring opportunities" in DVD software but has nothing to announce yet, he said. Meanwhile, discounts up to \$100 off list price for leader Toshiba SD-2006 player already were being trumpeted in Sunday newspaper supplements March 9 by N.Y.-based Nobody Beats the Wiz. "Introductory" price of \$499.98 was touted as \$50 discount off "regular" \$549 ticket, which is believed to be Toshiba's minimum advertised price point on \$599-list SD-2006. Retailer also was offering coupons worth up to \$3 off each of 42 Warner-distributed software titles, most available March 24.

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